INTERVIEWEE: W. TRUE DAVIS, JR.

INTERVIEWER: DAVID MC COMB

DATE: March 4, 1969

M: This is an interview with Mr. W. True Davis, Jr., who is a former Ambassador to Switzerland, and also a former Assistant Secretary in the Department of the Treasury. The date is March 4, 1969; the time is 10:25 in the morning. I am in his office in Washington, D.C., at 1625 I Street, N.W.; and my name is David McComb.

Mr. Davis, first of all, I'd like to know something about your background. To start off with, where were you born and when?

D: I was born in St. Joseph, Missouri, on December 23, 1919, to a family that primarily has been interested in agricultural pursuits--ranching, farming, livestock commission business. After a normal course of education, I went into the Navy as a pilot.

M: Where did you get your college education?

D: Cornell University. I very stupidly left after three years to go into a wildcatting oil well venture in West Texas. It has been one of the great errors of my life. I've tried to guide my children so that they don't make the same mistake.

M: You didn't complete a degree then?

D: No, I did not.

M: But you have an honorary doctor's degree, don't you?

D: Yes, I do have that. I have one from Tarkio College in Missouri. Of course, I've had tremendous interest in education of all kind. In fact, I was, I think, probably the only non-graduate ever to be a member of the

Cornell University Council--which is somewhat flattering, I suppose, after these years.

But following a short experience--which was not too successful--in the wildcatting business in Runnels County, Texas, I went into the Navy. I had been flying previously so that almost immediately when I went into the Navy Ferry Command which gave me experience in many different types of aircraft. Then I was assigned as chief Navy test pilot at the air station in Pearl Harbor.

Then following that, I came out, wondering what I was going to do. I always thought it was interesting--I've had an interest in politics, I suppose because my parents had always been interested in politics, let's say, as a hobby or something of that type. But at that point President Truman was the President, and Independence, Missouri, was in the Congressional district of where I lived in Missouri, and I was thinking about running for Congress at that point. So on day I spoke to the President--President Truman--about my desires, and would he support me if I decided to do this.

He said, "True, I want to tell you something. I am probably the greatest exception in American politics that has ever happened. You can't use my experiences as any base that this could ever happen again. I would suggest that you always keep your interest in politics, but don't get into politics as a young man because I've seen so many people who have gotten into politics at a younger age, and then a very fickle public turns them out at age fifty-five or sixty-five. They're too old to do anything else, and they become just destitute, besides having their heart broken." He went on further and said, "I would suggest that you

keep your interest in government--politics--but try to succeed in business to a point where you can become financially independent. Then at that point go ahead and go into government and/or politics. Then no matter what happens to you, you won't be destitute if it isn't a complete success."

So I said, "Well, I can appreciate that, Mr. President, but tell me though--if I still decide to run for Congress, would you support me?"

He said, "Well, yes, I would, but I think you'd be unlucky enough to be elected."

So as I drove home that day, I thought, "Well, if this man gives you advice like that, certainly you should be willing to take some of it." So I did and then started into a very small animal health business with veterinary serums--

M: This was the Anchor--?

D: The Anchor Serum Company. This was really a small company at that point. In fact, it was an offshoot of a company that my father had been interested in but I remember in 1945 they had a total net profit before taxes of two thousand and four hundred dollars. So that's not a big company. But, anyway, I jumped into this and worked very hard at it, really. Gradually I suppose maybe I was standing at the right place at the right time too, because as animal pharmaceutical were developed and found out about, I would try to get these added to our lines. Then I became very well acquainted with the larger farmer cooperative companies--the Iowa Farm Bureau, the Illinois Farm Bureau, Missouri, Kansas, Nebraska, such as that--and I think they did a great deal toward making this a successful venture for me because they had such tremendous volumes. Oddly enough,

many industries in this country just don't like cooperatives for the philosophy of the cooperative, and I think because I would help them in getting into these businesses--the distributing end--they reciprocated. But eventually this company became the largest in the veterinary field in the United States, and then gradually we expanded into human products. Then in 1959, I merged from all of these companies--of which there were a number at that point--in with the U.S. offshoot of the Dutch Philips Lamps Company of Holland. Then I became president of their Pharmaceutical-Chemical activity in the United States.

But I had always followed President Truman's advice of taking a very active interest in local, state, and national politics. Having served as--well, for example, campaign manager of a gubernatorial candidate in Missouri, as treasurer for Senator Symington in one or two of his campaigns--as treasurer of his effort to seek the nomination, which finally--

M: This was in 1960?

D: Also, I was treasurer for the late Senator Henning's campaign. So I had a good working knowledge of politics. So in I guess it was in 1963, possibly in May of that year, I had a call from the White House, that could I come and see the President--this was President Kennedy-- the next week, or whatever it was.

So upon getting there, he said that he wanted to change the complexity of the American Ambassador in Switzerland. He wanted first of all a good Democrat; number two, an international businessman or person who was well connected with a large international company, but not a U.S. based company; and that the increasing monetary influence of Switzerland upon world monetary affairs was such that he felt that economic intelligence

between companies would flow far freer than it does between countries. I know this is true. I've always had that feeling. Of course, this Philips company is a world-wide company--probably the fourth or fifth largest company in the world. Through my friends in Philips and former associates, for example, I learned of the run on the Italian lire in 1963, even before governments were talking about this, because in business you have to smell these things or have a feeling for inventory control for financing of business and so forth.

So anyway, I said I'd be delighted to be his Ambassador to Switzerland and proceeded to go.

M: Let me interrupt you here at this point. I have some questions about your work in Switzerland, but I'd like to back up for a minute since you were in politics earlier. Did you have any contact with Lyndon Johnson in this period of time?

D: No. No, I can't say that I did at all really.

M: Say, at the convention in 1960?

D: Yes. Of course, at that point I was trying to assist my friend Stuart Symington. I, of course, was very aware of President Johnson's presence at that convention. But I didn't have any contact with President Johnson until following President Kennedy's death really--before I first came to know him.

M: At that 1960 convention, wasn't Symington considered also for the Vice Presidency?

D: Yes, he was. There are many stories, and I guess there has been much written on this subject as to how that selection was made as to whether it would be Johnson or Symington.

M: Have you got any insight into that?

D: I know the story that I believe. And as far as I'm concerned, it was very interesting. All three of those candidates--by that, Kennedy, Johnson, Symington--all had a floor of the hotel out there. And each of them, for their own personal suite, had the same corner just on different floors above each other. I don't remember the exact floor numbers, but I do remember this order--that Kennedy was, let's say, eighth floor; Johnson, say, the seventh floor; and Symington, the sixth in that order.

M: Was that coincidence, or was it planned that way?

D: I suppose--And Humphrey had a floor too. This was the main convention hotel headquarters, and I assume that every floor probably had the largest suite that happened to be on that particular corner. They were all right there together, and one above the other.

When Kennedy won the nomination there was, of course, much action on the part of everybody to see who was going to get to be Vice President. I've forgotten names even at this point, but the former governor of Pennsylvania--(David Lawrance) he has passed away by now. But I do know that he asked Lyndon Johnson--or at least he told me this, I'll say--that he asked Lyndon Johnson on behalf of Kennedy if he would accept the Vice Presidency, and was told "no," that he would not accept it. This was that afternoon, let's say, or somewhere about that time, or maybe that morning--I've forgotten the hours.

I don't know whether he spoke to Symington, but somebody--it may have been Bobby Kennedy who spoke to Symington and asked him if he would accept. Symington said he would.

Now the interesting part to me as to why I believe that my story is

the proper one is because at this time, or shortly thereafter, all of the Kennedy people came and got all of the big Symington posters that we had left and cut the pictures off of them and were putting them back-to-back on Kennedy posters, you know.

So now we come to the point where Kennedy had not--. You see, unless the President himself does the asking, it's not really official. So we get to the point where Kennedy was very interested, of course, in the support of Johnson and Rayburn and the supporters that Johnson had. And it didn't look like he might be going to get that. The elevators at that hotel were so packed and jammed all the time that nobody--if you could get away from using it, you would do so. Well, it so happened there was this stairway and stairwell--fire escape, I suppose, type of thing--right in that same corner joining each of these suites. I do know this too--and this is positive--that an appointment had been made with Symington for Kennedy to come to see him, and that it was assumed this was going to be the asking.

Now we get into just stories, but I believe that this is correct--that Kennedy on his way down to keep this appointment, he used the stairwell there connecting these floors--these suites--went in to see Johnson on his way down to keep this appointment. But having been assured that Johnson was not going to take it, he asked him if he wouldn't please do this in the interest of party harmony and so forth. At that point Johnson said he would, which flabbergasted everybody. And Kennedy never did get down to keep the appointment with Symington.

M: He never came then?

D: He never came. Part of this, I'll have to say, is hearsay to me, but I

know part of it is correct. And I'm inclined to think that that is probably the true story as to how this happened. But that's just my opinion on this of course. Anyway, that's my version of it.

M: Then Kennedy appointed you Ambassador to Switzerland.

D: Yes.

M: And not too long after that, six months or so, he was killed.

D: It was even more interesting than that really--I mean to me. We were supposed to go to Switzerland in September '63 and my wife's mother passed away right about that point which delayed our departure then, and we left finally in November. I was aboard the ship, the Constitution, one night. It was about 8:30, I suppose, time-wise. As I remember it, we were at the dinner table aboard the ship outside of Naples when the purser of the ship came to me and said, "Mr. Davis, we've heard something very alarming on the radio, but we can't confirm it; and since you're the "senior American aboard"--is the way this was stated--the captain would like for you, if you could, to come up and see him right away, but don't express any alarm in your face to unnecessarily alarm the other guests at the table." He kind of whispered this in my ear.

M: Is this a U.S. Navel vessel?

D: No, this was the U.S. States Constitution. It's an American export lines regular passenger ship. I was going to get off at Genoa because that was the closest place to Switzerland, and then drive from there to Switzerland.

So I went up to the captain's quarters and he said that they'd been picking up unconfirmed reports that President Kennedy had been shot, and what did I think about it and should we make any announcement to the passengers. I said I didn't think that we should do anything of that type

unless it was completely confirmed. But at this point every radio in the world was coming out with this message, and he said that he had wirelessed for confirmation, but he hadn't had anything come back as yet. Then at this point the radio operator came in, and he said, "The Voice of America out of Algiers is making this statement now." And I thought, "Well, if the Voice of America is making the statement, then it must be so." So then he asked me if I would go on the loud speaker system all over the ship, would I introduce myself and make this announcement, which I did. Of course, as happened throughout the free world at that time, everyone was profoundly shocked. Then that evening they held a Catholic mass at eleven o'clock or midnight. Then the ship was to be in Naples for a half-day the next day. I think we had a Protestant service on the fantail of the ship, I believe the next morning. Then that afternoon we were to be in Naples for a half-day, and I was asked if I would attend the mass in a cathedral in Naples that day as the U.S. Government representative.

I went to Genoa the following day where we disembarked and attended another mass there, as I recall it. But to me the most fascinating thing about this, and of course, as you may know, protocol requires that whenever there's a change in Presidents that all Ambassadors tender their resignations--all Presidential appointees. I couldn't help but think to myself, "This is going to be the shortest tour as an Ambassador that anybody ever had."

But you know, the first official word that the ship had, or that I had, or anybody had, I suppose, on that ship, was a cable that came from the State Department that I received. I suppose it was that next morning after his death, but it said, "No resignation anticipated. Please proceed

Bern. Signed Lyndon Johnson." Now, of course, I realized that--

M: When it said Bern, you're speaking--

D: Bern is the capital of Switzerland. So this was really I suppose my first official contact with President Johnson, although I realize that this was a cable just emanating from the State Department using his name. But, irrespective of that, I was so impressed that with the confusion that was going on, and knowing how this must have been here at home at that point, that even these little details could be followed down so well. I'm still impressed over that with the size of our government in being able to have, let's say, Emergency Plan A or B go into effect, and get this information out that rapidly.

So really when I arrived in Bern, Switzerland, President Johnson was the President, so I never really ever served officially as Ambassador under Kennedy, although he appointed me.

M: While in Switzerland as Ambassador, was there anything outstanding to your mind that occurred.

D: Switzerland is a fascinating country because of its neutrality. They feel that all the nations are welcome there because they feel that's the only way to be as a neutral nation. And it's very interesting of course to be in a capital where the Red Chinese have an Embassy and are on just as equal ground as you are. It's a fact in the diplomatic protocol of entering rooms and things of this type at the Swiss State receptions, you might be right next to him or not. Protocol has always been observed, although I think I was somewhat instrumental in changing one policy of that type with the State Department after I was no longer an Ambassador though.

But when a country does not have diplomatic relations with a country, then the Ambassadors in foreign capitals are supposedly not even to be aware of the physical presence of the other Ambassador. So these things get to be a little crazy at times, whereby if you were just walking towards each other and brushing shoulders in a crowd, you wouldn't even meet the eyes of, let's say, the Red Chinese Ambassador or something. I always thought that was wrong. I remember I made several suggestions to State that I thought that certainly there should be decorum used, but I felt that our country was missing an opportunity possibly of not having contact because you didn't know what might be able to come out of something of this type. For that reason, I felt that that should be changed.

I remember also writing Nick Katzenbach--well, this was long after I had come back to Washington--and saying that I still felt that that should be changed, and he told me that it had been finally. So I don't know to what extent they have winked at this or have changed the so-called protocol, but it should be done--it was done.

But back to your question. I think that the most interesting part of Switzerland is the neutrality. And because of all of the nations who are there, you might also say the spy activity is fascinating because all of these international meetings that were held in Geneva-and Bern too--are such that, well, there are just a lot of people around from all types of countries and all. And you get some of your defectors, or at least you have your contacts--or at least our CIA does--with the various people and things of this type. Now that of course was the fascinating part of the Swiss operation.

In my own interests, five of the largest chemical companies in the

world happened to be based in Basel, Switzerland, and many of these people I had known from previously in the pharmaceutical industry world-wide.

M: Did you have anything to do with arms control negotiations?

D: No, I didn't. That was handled by Ambassador Foster who, when they would have the Arms Conference, would come from Washington just on that alone and return to Washington. So my affairs were strictly to do with the country of Switzerland.

M: Did you have anything to do with notorious problems of Swiss banks?

D: Yes, all that. And I made it a great point to get very close to all of the Swiss bankers as much as I could and made many good friends of them and learned much about their operations because I felt that this was also part of the job, too. So that I'm very well acquainted--and still today--with many of these people. I've just recently started this international investment banking business, and we're trying to work out some things with these people right now even.

M: Did you get into a problem of American taxation in regard to the Swiss banks?

D: The Banking Secrecy Act of Switzerland is such that you just can't get any agreement of nothing. We would get occasional requests from, let's say, the FBI--to the FBI agent in the Embassy that would say, "A known Chicago gangster had left New York and is arriving in Zurich on such-and-such a day. Was there any way we can find out what he is doing there." Things like that, you know. There was one of these gangsters that used to come over fairly regularly. I never saw him or his girl friend, but the FBI agent over there used to tell that she was a great looking doll.

Back to this Communism business, there's a funny story. You see,

we were on speaking terms of course, because we have diplomatic relations with the Russians and the Czechoslovakians and Yugoslavs and so forth. There was a lady Ambassador over there who was from Yugoslavia, and she was a real hard core Communist. She had been in charge of all of the youth movement of Yugoslavia before she had come to Bern.

M: Do you remember her name?

D: Ratvik or Rotvik--Ratvick--about like that. We were talking at a reception one evening, and I said, "Madame, you know the great difference between your country and mine is that at any time I can go to our President and tell him that I don't like U.S. policy, and that's something you can't do."

I will say, with a twinkle in her eye, she said back to me, "No, you're mistaken. Because at any time I can go to my Chairman and tell him that I don't like U.S. policy."

M: Then how long were you in Switzerland?

D: I was there not quite two years. I did see President Johnson on two or three occasions during that time.

(interruption)

M: You were going to tell me that you had some contact with President Johnson.

D: Oh yes. Maybe on three occasions possibly during that time I did have short visits with him when I was back in this country. Then, possibly in July of 1965, I was in Missouri. Jack Valenti called me and said that the President would like for me to see him before I went back to Switzerland. So I did, and he said that he had this particular Assistant Secretary of the Treasury open. If I would like to take it, he would like for me to. But he wanted to also state that if I preferred to stay in Switzerland,

that was entirely satisfactory with him too.

I thought that one over a little bit and decided to come back here on that basis, because I felt that I really had been away long enough. This was an interesting assignment here, and that I'd better come home. So that was the basis of coming back here.

M: What was the nature of your work as Assistant Secretary?

D: In the beginning, it was what I called the fun things of the Treasury, because originally I had the responsibility for the United States Coast Guard, for the Bureau of Customs, for the Bureau of Engraving and Printing, for the Bureau of Narcotics, and the law enforcement areas. But then very shortly after I arrived back here, the plans went into effect shortly after I got here- but they put the Bureau of Narcotics and the law enforcement part into a separate office away from my office. Frankly, if I had known that was going to happen, that might have influenced my decision because I really didn't have enough to do to keep busy over there on these things. So in trying to keep busy I got involved in other things over there, such as European banking liaison. And the Secretary asked me if I would so-called "represent" the Treasury with the Swiss bankers. Then there were a myriad of other smaller things that you would just normally do in a Department--committees and so forth.

M: The Coast Guard went over to the Department of Transportation, did it not?

D: Right. And when it went to the Department of Transportation--now that didn't happen until a year-and-a-half after I had been in Treasury. But this had been taking about half of my time, and when the Coast Guard went over then I really didn't have much to do.

M: Did you agree, incidentally, with the move of the Coast Guard?

D: Very much so. There was no need to keep it in Treasury. I always felt that the Coast Guard could do a better job where they were connected with someone that would get them some more money. Most people think of the Defense Department with all these billions of dollars, but the poor Coast Guard doesn't have enough to buy meals even. Their ships were terribly antiquated. I know that was one of the things I worked on very diligently with the Congress--was to get a new shipbuilding program so they could update their ships. But one thing that I just didn't like, and in studying the history of the Coast Guard in the Treasury, certain Secretaries over the years, when they would prepare their Treasury budget, give them to the Bureau of the Budget, and the Bureau would come back and say, "You've got to cut that, say, ten percent." They'd take the whole damned ten percent out of the Coast Guard's part of the budget. This didn't happen always, but they'd had a pattern of this going on for many, many years. That's why I always thought it would be good to get them out of there so that that couldn't happen to them.

M: Was there an attempt to streamline the Bureau of Customs during this period?

D: Yes, that was during the time I was there. Also, I should say I spent a lot of time in the area. But you normally don't think in terms of customs, but in the what we call anti-dumping laws, countervailing duty laws, things of this type--conducting investigations and hearings, or hearing appeals, that sort of thing also. I was the alternate member of the Foreign Trade Zones Board, representing the Secretary of Treasury on that. I was on a number of boards--and the New York Pier Committee, I established just to try to upgrade the accommodations on the piers for the arriving passengers--which is not a part of Customs really, but the

average passenger arriving--the only person they ever blame is the Customs officer for everything. There was a lot of that type of activity.

M: Did you have anything to do with the attempt to increase tourism in the United States?

D: Yes. A lot of that sort of thing. There was a specific outside committee that Ambassador McKinney from Santa Fe, New Mexico--and interestingly, he was my predecessor in Switzerland--he chaired that tourism committee, as I recall it.

When I lost the Coast Guard, though, then I was really screaming and discussed this one day with the President even. Shortly thereafter I was given an additional job as the United States Executive Director of the Inter-American Development Bank, which took approximately half-time. They have an office here in Washington in another building over where the bank is located. I would be at that office half-day, and at my Treasury office half-day, and [I] continued in that area until I finally resigned.

M: The Inter-American Development Bank, from my information, got a number of increases in funds that they had available during this period.

D: Yes, it's true. There was much activity. Certainly on my part I worked very diligently, among others. I don't want to say that I'm entirely responsible. But if the bank was ever going to succeed it had to be financed, and certainly we had to primarily take the major part of this. But one part that I always felt--just the word development just means to assist. It doesn't mean grants-in-aid, and I felt that we should try to help these countries help themselves to a point where we gradually could get phased out of this operation.

Very interestingly, when the bank first started--this has been nine

years ago--the original monies that were put in by the United States to all of the other Latin American countries were on the ratio of 11-to-1. Then the next replenishment of funds was on the basis of 8-to-1. Then I was involved in the last two, and it was 5-to-1, and then 3-to-1. But if you don't make these people put up some of their own money, then they're not going to help themselves so much. Plus, if they're spending their own money, they're going to spend it more carefully. You won't see, frankly, just the inefficiencies, and I assume graft that you see, I think, in many programs where it just isn't a straight-out aid type of effort.

M: This bank dealt not only with government, but also private businesses, didn't it?

D: Both. Both the government of the country wherein the project developed had to guarantee the loan. Primarily you wanted to try to encourage private industry, private initiative, but there are many areas that this can't be done, such as public housing or hydro-electric power plants and things of this type, which are strictly government in nature. So there were all types of loans imaginable. In fact, the pay-back record of the bank on their short term loans--by that, I'm talking short term of the five to seven year type of loans--has been very, very good. In fact, there have only been two loans that I was aware of when I was there that were in default. I should say, fortunately they were made before I came. But in the commercial banking business, with which I am very familiar--I'm a member of the board of directors of the National Bank of Washington here and a member of their Executive Committee--if you don't have more losses than that, as the IDB did, then you're not making enough loans.

That's my point.

M: Did the IDB specialize in high risk loans?

D: No. In fact, I'd almost go the other way. I thought they were quite conservative in their loan policy. Now the role of the U.S. director of the bank is interesting, in that the U.S. owns, I think it's forty-seven percent of the stock of that bank. There are seven directors. The President of the United States appoints the U.S. director and the other six directors are elected by the various other Latin countries. But every loan--by the bylaws of the bank, every loan must be passed by a vote of two-thirds of the stock that is represented. And this is done at a loan meeting every week. So really, it meant that the United States had the veto power over any loan. Now, we never exercised that veto power--politely being the reason--because we would see a loan that was coming up that we couldn't go along with. We would tell these people ahead of time, "If you want to be embarrassed, then go ahead and present the loan, but we can't go for it, so therefore it would look better if you don't present the loan." So that was the approach that we took, and thought that that was certainly in the best interests of the bank and of the nations involved, not to get in a big public hassle.

M: Did you see the role of this bank as one to aid developing countries?

D: Yes. Entirely. And also in my opinion, I think that this is the best approach for developing all continents, but on a regional basis such as this. As you may know, there has been started an Asian Development Bank, although I understand it hasn't really gotten off the ground. There were plans to start an African Development Bank, but I don't think that even got much past the talking stage. But I think that that's a much

better arrangement than using our AID. Also I think the World Bank loans can be taken over pretty much so. In fact, the IDB pretty much took over the World Bank's business in Latin America. My intention was to try to phase one out and phase this one in, but I know that the World Bank still is making loans.

M: Why do you think this regional approach is better?

D: To start with, if you can get the countries to come in themselves--and these people are representing their country, and if they've got their own money--they're going to be, as I mentioned before, far more interested in seeing that it's spent wisely and well. They know their own problems far better than--let's say, the problems of Uruguay--certainly wouldn't be known to the member of Afghanistan to the World Bank, and he probably couldn't care less. So that was my reason.

M: It would seem from a layman's point of view that in a developing country you get a great number of high risk loans, and yet the bank seemingly avoided these. Is that correct?

D: You have two types of loans. You have the long term, very low interest rate loan, which may be paid or may not be. History will have to see however we go on that. But that type of loan would be for the development of a, let's say, large scale water project with electricity and irrigation where it might take twenty years to complete the whole thing and we make the loan then for, say, forty years or something of that type. Of course, the bank was so young that we don't know where those will finally come out.

But in the other loans, there were many, many loans made to private companies as a part of their resources, where in turn they would reloan

this out to smaller borrowers within the country, let's say, for agricultural loans so that these poor people who never owned any land-and let's say, when you'd open up an agricultural irrigated region or something, where you would loan--I mean, we would loan the larger group, and then would also insist that their interest rate not be more than say one and one half or two and one half percent higher in return for what they were loaning it out to the small person. But we would always control these loans, even though they went in that way. But for livestock loans so people could have a cow or sheep or pigs or something of this type, this was the manner in which we would do it. I wouldn't say that was necessarily a high risk type loan, not for a developing country. Maybe it's damned high risk by comparison to what we might do here in the United States for that same type of loan.

M: Is it fair to say that one of the purposes, maybe not the main one, but one of the purposes of the bank was to improve U.S. relationships with Latin America?

D: I'm certain that that would be.

M: Does it tie into our foreign policy?

D: Yes, it does. And also it ties into the Organization of American States. Now some people, even though they're completely separate--the IDB and the OAS--but many people refer to the bank as the Bank of the OAS. It's not, but it has provided funds. It has also provided some controversy and problems, too. When somebody couldn't get exactly the loan they wanted, they would scream about the damned bank and so forth and so. Also we have many people on the Hill that scream about the "damned bank" in reverse order.

M: You caught it from both directions.

D: You really would in that. This is an area though--and I assume it's because President Johnson coming from Texas and being close to Mexico and his earlier background with the Mexican-American people--was extremely interested in this bank; and just wanted to assist in every way possible. I remember when he asked me if I would accompany him to the Latin America Chiefs of State meeting in Punta del Este, Uruguay. Down there four or five of these Presidents of these other countries had something that they were yakking about. I know he would ask me to go talk to this one or talk to that one during the period we were there, and "couldn't we work this out," or do that, and what not. I know he felt a very genuine concern for these people south of our border.

M: In thinking back over this, do you think that the bank has been successful in its policies and what it is attempting to do?

D: Yes, it has been successful. I think it could be more successful. They've got some tremendous personality problems in some of the management in the bank. Also, there has been maybe a lot of employment practices of the bank where maybe some favoritism has been shown that it would be better if it hadn't been shown. But in the actual management of the bank we tried to always let the Latin Americans run the bank. The president of the bank is a very hard working dedicated fellow. Herrera is his name.

M: Then the favoritism is a Latin American problem?

D: Oh yes, entirely, not ours. In fact, our biggest problem was just in trying to keep the percentage of Americans employed so we wouldn't be criticized by the Congress. I think when the bank started it had twenty-seven percent employees on the staff were Americans. Then all of a

sudden it was brought to my attention that the Americans were gradually being replaced by Latins. Then we were down as low as twenty-two per cent, I think, of the staff at this one point. That's not too serious a problem. I mean, that shouldn't be considered as one of the great problems of the bank though.

M: You mentioned that President Johnson took a sincere interest in this bank. Did he have any conferences with you other than the one you mentioned in regard to--?

D: Not specific. Not that he asked me to come over and talk to him about it specifically, but as we would have a chance meeting at a dinner or luncheon or reception or something, he would pull me aside and ask me about this or that as to the operation on what was going on.

M: Did you have any trouble with Congress in regard to this bank?

D: That's the biggest problem as I see it, because there's a growing feeling in the Congress, in my opinion, of isolationism, protectionism, in all areas. This automatically means that they don't like this foreign aid business. They lump the bank into foreign aid whether it is or not.

M: Is there any group of Congressmen in particular that oppose such banking activity?

D: Not a group as such. There are certain individuals that would have closed the bank with a stroke of a pen if they could. I mean, they're just very adamant about the thing. They just didn't believe in it. I respect their opinions as intelligent people, but their philosophy just didn't include this type of an operation. Generally speaking, people who voted against foreign aid are against the bank. Now, that's the easy way of putting it.

M: You were able to get funds for--?

D: Yes. When I was there anyway, we were always able to get funds. I think that a new job over there for the director--the U.S. director. He almost has to be well acquainted with the Congress. Frankly, over the many years of dabbling in politics, I think I knew well practically every Senator and many members of the House, so that I know very well that this helped me in this particular job. I think it would be murder for the bank if somebody was put into that job who didn't have a good relationship on the Hill.

M: Was there anybody in Congress in particular who helped you with this and understood what your problems were?

D: A lot of people. Bill Fulbright was very understanding in this area. Wayne Morse was helpful in the area. Over on the House side, particularly Congressman Mayard of California, and Armistead from Alabama--although he got defeated this last time--Congressman Mizs of Kansas--a lot of people.

M: These people understood what you were doing?

D: Yes, and believed in it. And I do think that they also were of the same opinion as myself, that this is the way that all of our foreign aid should be handled, through instrumentalities of this type if it could be done, and to gradually move in this direction rather than the old AID approach.

M: Do you have any opinions or thought about the Secretaries of the Treasury and how they supported such operations--such as Fowler or Dillon?

D: Of course I don't know about Dillon. Well, yes, I do too. Both of them were very good supporters, naturally, of it because this was an Administration project. We were all working for the same boss, and he liked the

idea. That's all it amounts to.

M: Fowler has been characterized as an expert in handling Congress, and also an expert with handling businessmen. Is this true.

D: Yes, he's very good, I think, in that area. Also, I think--which is the sign of an intelligent man--you know, he had no financial training or background, coming as an attorney into Under Secretary--and in and out of a number of government agencies. Instead of, let's say, assuming that he knew everything, he would assume he didn't know anything, more or less, and then ask people who did know in order to get around well. He did very, very well.

I recall one instance, and this concerns the bank. The country of Haiti is a member of the bank. In fact, every Latin nation except Cuba is. But with the President Duvalier of Haiti and his problems there, our State Department decided that they would cease all operations down there. Well, Haiti had always been paying its share of the bank's assessments, but the bank just hadn't made any loans to Haiti. In fact, Haiti had paid more than they had gotten back in loans, which was not a very fair arrangement, and the Haitian director brought this to my attention. They had a project down there that they wanted which was increasing the medical school there. I think they call it the University of Haiti. It wasn't a big loan, but it was about two million dollars, I suppose, for this university area for scientific equipment and increasing the buildings--size. I knew it was against U.S. policy to do this and State had said that on this loan that they didn't want it to be made.

This didn't seem fair to me, and I went to Fowler and I said, "This is a Treasury responsibility. This isn't State's responsibility.

And I think we should make this loan because it would improve our relations with the other Latin American countries," who were all on Haiti's side. "After all, two million dollars isn't going to kill anybody in this thing too. What do you think about this?"

He said, "Well, you know State's feeling, of course. We don't want to leave ourselves open to criticism on the Hill. If I were you, and you feel that's what you want to do and that's the thing to do, if you will talk to what you consider sufficient key members of the Foreign Relations Committee to make sure that nobody is going to close the door on you so you can get trapped--and particularly those who are the loudest voiced members of that committee--go ahead and do it. But don't do it at all unless you can get those guys--until you can get their clearances."

So I went around to the various ones that I thought were friendly and all, and explained the situation, and they went along and said that was great. We finally made the loan, and I know that helped our relationships throughout Latin American just on that one loan. But, of course, there were always some other people who didn't like it, and they blasted us a bit, but that's part of it. You can't keep everybody happy.

M: Did you have any opportunity, or was it part of your duty to work with Assistant Secretary Deming in regard to the European banks?

D: Yes, not on a day-to-day basis. Just for the record, he was Under Secretary for Monetary Affairs, but it was just because of my knowledge of the European financial community that we would on occasion discuss trends, philosophies, and so forth.

M: You were not in on the development then of the SDR's and that sort of thing?

D: I was aware of it, but I wasn't in on it.

M: Is there anything else in your job as Assistant Secretary of the Treasury that stands out in your mind that should be mentioned?

D: No, I have the highest regard for Secretary Fowler and others there. There are a number of people and/or decisions I didn't agree with, but again, that's what makes horse races.

M: Sure. Then you finally resigned?

D: Yes, I did.

M: In January of '68, was it not?

D: That's right, to enter the race for the United States Senate in Missouri, in which I was defeated in the primaries. That primary was last August, and then since September I've been starting this investment banking area and also doing some of the things I've been wanting to do for five years that I didn't have the time to do.

M: I've exhausted the questions that I had and unless you have something else you wish to state, we'll call the interview at an end.

D: No, I don't think there's anything particularly.

M: Let me thank you then for your help.

D: That's great.

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